



THE SECRETARY OF DEFENSE
WASHINGTON, DC 20301-1000

2 Jun 1997

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
DIRECTOR, DEFENSE RESEARCH AND ENGINEERING
ASSISTANT SECRETARIES OF DEFENSE
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
DIRECTOR, OPERATIONAL TEST AND EVALUATION
ASSISTANTS TO THE SECRETARY OF DEFENSE
DIRECTOR OF ADMINISTRATION AND MANAGEMENT
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Implementation of Subdivision E of the Clinger-Cohen Act of 1996 (Public Law 104-106)

Over the past several years, Congress has enacted important management reform legislation. Subdivision E of the Clinger-Cohen Act of 1996 (formerly the Information Technology Management Reform Act of 1996 (hereinafter referred to as the ITMRA)) in particular focused on the need for Federal Agencies to improve the way they select and manage information technology resources. The ITMRA singled out the role of information technology and national security systems in enabling improvements to DoD's operations and procedures. It is designed to help ensure that investments in information technology provide measurable improvements in mission performance.

The ITMRA requires the Department to pose three questions before investing in information technology. First, what functions are we performing and are they consistent with our mission. Second, if we should be performing particular functions, could they be performed more effectively and at less cost by the private sector. Finally, if a function should indeed be performed by the Department, the law requires that the function be examined and redesigned or reengineered before applying new technology. Information technology is a tool that can help the Department perform mission-related and administrative processes more efficiently.

My principal staff assistant and advisor on this matter is the Chief Information Officer of the Department of Defense (CIO, DoD), who is the Assistant Secretary of Defense for Command, Control, Communications and Intelligence (ASD(C3I)). The CIO, DoD will promote improvements to DoD work processes and supportive information resources. Each

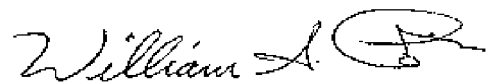
of the Military Departments also has appointed a CIO. The Service CIO's will act as advisors to the CIO, DoD. The Service CIO's will implement the policies and guidance issued by the CIO, DoD.

Speed of implementation is crucial in matters pertaining to information technology. Unity of authority is key to this speed. Therefore, effective immediately, I hereby delegate authorities and assign duties to the ASD(C3I) in his role as the CIO, DOD as identified in attachment one. The CIO, DoD will provide management and oversight of all DOD information technology and national security systems. There will be no fragmentation of this authority, although the CIO, DoD may delegate responsibilities as needed. In the performance of these Department-wide ITMRA duties on my behalf, the ASD(C3I) is delegated authority to issue DoD Instructions, DoD publications, and one-time directive-type memoranda.

The CIO, DoD is the primary representative of the Department to Federal and interagency bodies supporting Federal information technology policies. The Department is a leader in the use of information technology in the Federal Government, and these capabilities will be shared with other Federal Agencies to the maximum extent practicable. In addition, I hereby establish a DoD CIO Council, chaired by the CIO, DoD, to serve as the principal DoD forum to discuss improvements in DoD practices for the management of information technology. The Council shall serve in both an advisory and coordinating capacity to improve the management and use of information technology by providing a forum for the exchange of a full range of views concerning information technology. A copy of the approved DoD CIO Council charter is at attachment two.

The Department has made substantial progress in implementing legislative reforms aimed at exploiting technology to the betterment of our national security. Much remains to be done. The Department has not fully benefited from these reforms, owing in large part to existing organizational alignments, structures and systems. To successfully implement the ITMRA, the Department must embrace new ways of doing business, understand and participate in the process of change, and appreciate the need to treat technology expenditures as investments. Overcoming these cultural and organizational barriers requires the commitment of management at all levels of the Department.

The Information Technology Management Reform Act emphasizes the management of information resources to enable change and strike down outdated modes of operation. The Department must revise its policies, practices and procedures to incorporate this and other reform legislation. As a first step, I direct the ASD(C3I), in coordination with the Director of Administration and Management, to implement this memorandum and the attachments in the DoD Directives System within 180 days. I look forward to your continued support in fulfilling the intent of this important legislation.

A handwritten signature in black ink, appearing to read "William L. G." followed by a stylized monogram or flourish.

Attachments

**Assignment of Duties and Delegation of Authorities to the
Assistant Secretary of Defense for Command, Control,
Communications and Intelligence
Pursuant to Subdivision E of the Clinger-Cohen Act of 1996
(Public Law 104-106)
(Formerly the Information Technology Management Reform Act
of 1996 (hereinafter referred to as the ITMRA))**

The Assistant Secretary of Defense for Command, Control, Communications and Intelligence (ASD(C3I)) as the Chief Information Officer of the Department of Defense (CIO, DoD) is responsible for carrying out certain provisions of the ITMRA on behalf of the Secretary of Defense. Pursuant to this responsibility, the ASD(C3I) is assigned the duties and is delegated the authorities cited below:

A. Design and implement in the Department of Defense a process for maximizing the value and assessing and managing the risks of DoD information technology acquisitions, in coordination with DoD Planning, Programming and Budgeting System (PPBS) authorities and acquisition authorities, and in accordance with Section 5122 of the ITMRA. The process shall:

1. Provide for the selection of information technology investments to be made by the Department, the management of such investments, and the evaluation of the results of such investments;
2. Be integrated with the processes for making budget, financial, and program management decisions within the Department;
3. Include minimum criteria to be applied in considering whether to undertake a particular investment in information systems, including criteria related to the quantitatively expressed projected net, risk-adjusted return on investment and specific quantitative and qualitative criteria for comparing and prioritizing alternative information system investment projects;
4. Provide for identifying information systems investments that would result in shared benefits or costs for other Federal agencies or State or local governments;
5. Provide for identifying, for a proposed investment, quantifiable measurements for determining the net benefits and risks of the investment; and
6. Provide the means for senior management personnel of the Department to obtain timely information regarding the progress of an investment in an information system, including a system of milestones for measuring progress, on an independently verifiable basis, in terms of cost, capability of the system to meet specified requirements, timeliness and quality.

B. Institutionalize performance-based and results-based management for information technology in coordination with the Chief Financial Officer of the Department of Defense, the OSD Principal Staff Assistants and the DoD Components and in accordance with Section 5123 of the ITMRA. In fulfilling this responsibility, the ASD(C3I) shall:

1. Establish goals for improving the efficiency and effectiveness of DoD operations and, as appropriate, the delivery of services to the public through the effective use of information technology;

2. Prepare an annual report, to be included in the DoD budget submission to Congress, on the progress in achieving the goals;

3. Issue DoD Instructions, DoD publications and one-time directive-type memoranda that require the OSD Principal Staff Assistants and DoD Components to:

a. Prescribe performance measurements for information technology used by or to be acquired for the Department that measure how well the information technology supports programs of the Department;

b. Where comparable processes and organizations in the public or private sectors exist, quantitatively benchmark DoD process performance against such processes in terms of cost, speed, productivity, and quality of outputs and outcomes;

c. Analyze DoD missions and, based on the analysis, revise DoD mission-related and administrative processes, as appropriate, before making significant investments in information technology that is to be used in support of those missions; and

4. Ensure that the information security policies, procedures, and practices of the Department of Defense are adequate.

C. Oversee contracts that provide for multi-agency acquisitions of information technology in accordance with Section 5124 of the ITMRA and guidance issued by the Director of the Office of Management and Budget.

D. Provide advice and other assistance to the Secretary of Defense and other senior management personnel of the Department to ensure that information technology is acquired and information resources are managed for the Department in a manner that implements the policies and procedures of the ITMRA, consistent with Chapter 35 of Title 44, United States Code, and the priorities established by the Secretary of Defense.

E. Develop, maintain, and facilitate the implementation of a sound and integrated

information technology architecture for the Department of Defense in accordance with the requirements of Section 5125(b)(2) of the ITMRA.

F. Promote the effective and efficient design and operation of all major information resources management processes for the Department of Defense, including improvements to work processes of the Department of Defense in accordance with Section 5125(b)(3) of the ITMRA.

G. Monitor the performance of IT programs of the Department of Defense, evaluate the performance of those programs on the basis of applicable performance measurements, and advise the Secretary of Defense regarding whether to continue, modify, or terminate a program or project in accordance with Section 5125(c)(2) of the ITMRA. For IT programs that are considered Major Defense Acquisition Programs, the CIO, DoD will coordinate with the Under Secretary of Defense for Acquisition and Technology.

H. Establish and implement training initiatives, in coordination with the Under Secretary of Defense for Personnel and Readiness, to ensure requirements of Section 5215(c)(3) of the ITMRA are met. Under the auspices and direction of the CIO, DoD the Information Resources Management College of the National Defense University shall serve as the primary training source to meet the ITMRA training needs of DoD CIOs, executives, and senior-level managers. Additionally, training programs and sources shall be made available to departmental personnel to provide the required skills and knowledge to effectively develop, manage and use information technology resources. In fulfilling this responsibility, the ASD(C3I) shall annually, as part of the strategic planning and performance evaluation process required (subject to section 1117 of title 31, United States Code) under Section 306 of Title 5, United States Code and Sections 1105(a)(28), 1115, 1116 and 9703 of Title 31, United States Code:

1. Assess the requirements established for departmental personnel regarding knowledge and skill in information resources management and the adequacy of such requirements for facilitating the achievement of the performance goals established for information resources management;
2. Assess the extent to which the positions and personnel at the executive level of the Department and positions and personnel at the management level of the Department below the executive level meet those requirements;
3. To rectify any deficiency in meeting those requirements, develop strategies and specific plans for hiring, training and professional development; and
4. Report to the Secretary of Defense on the progress made in improving information resources management capability.

I. In accordance with Section 5126 of the ITMRA, establish policies and procedures, in consultation with the Chief Financial officer of the Department of Defense, to:

1. Ensure that accounting, financial, and asset management systems and other information systems of the Department of Defense are designed, developed, maintained, and used effectively to provide financial or program performance data for financial statements of the Department of Defense;

2. Ensure that financial and related performance data are provided on a reliable, consistent, and timely basis to DoD financial management systems; and

3. Ensure that financial statements support:

a. Assessments and revisions of mission-related processes and administrative processes of the Department of Defense; and

b. Performance measurement of the performance in the case of investments made by the Department of Defense in information systems.

J. In accordance with Section 5127 of the ITMRA, identify any major information technology acquisition program, or any phase or increment of such a program, that has significantly deviated from the cost, performance, or schedule goals established for the program in the strategic information resources management plan required under Section 3506(b)(2) of Title 44, United States Code (Paperwork Reduction Act of 1995). For IT programs that are considered Major Defense Acquisition Programs, the CIO, DoD will coordinate with the Under Secretary of Defense for Acquisition and Technology. In fulfilling this responsibility, the ASD(C3I) shall develop a departmental strategic plan that addresses the management and use of IT capabilities and provides overall direction and guidance for managing DoD's information resources. DoD Component CIOs shall prepare supporting strategic plans that link to the goals and strategies contained in the departmental plan and reflect strategies to accomplish their unique mission.